



MSMEs Survival Strategy Among Pandemic Covid-19

(Study On The Leksana Batik Jaya Kutawaru Cilacap District)

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ABSTRACT

Background: The Covid-19 pandemic has paralyzed all aspects of life including economic, social and political aspects. Not only paralyzing developed countries, but also developing countries like Indonesia. Indonesia is a country that is dominated by Small, Micro and Medium Enterprises (MSMEs) which contribute greatly to the country's economy. The existence of the Covid-19 Pandemic has made the economy unstable so that MSMEs need to use strategies to survive amid the Covid-19 Pandemic. MSMEs Leksana Batik Kutawaru is one of the MSMEs located in Cilacap Regency which is engaged in the fashion sector which raises local wisdom of the local area by lifting mangrove motifs. **Purpose:** to determine the survival strategy carried out by MSMEs Leksana Batik Jaya Kutawaru amid the Covid-19 Pandemic. **Methods:** The research method used is qualitative analysis with exploratory steps with participatory observation techniques. **Results:** the results of the study recommend a survival strategy for MSMEs Leksana Batik Kutawaru is to trade in e-commerce, make product innovations such as making batik cloth into masks, adding services and establishing and optimizing customer marketing relationships.

Keywords: Strategy, Covid-19 Pandemic, MSMEs

1. Introduction

Indonesia is a developing country that cannot be separated from development planning activities. From time to time, Indonesia has experienced a development paradigm shift from comprehensive planning to strategic planning. Strategic planning was chosen because it has clear benefits in a short period of time. These advantages are the active role of stakeholders in the process of compiling development plans in their respective regions so that regional development planning takes place in a participatory manner. The community is an important stakeholder in planning (Putra, 2016; Maulidia & Greece, 2018).

One measure of the government to see the success of development is the economic sector (Sofyan, 2017). One of the strategies undertaken by the government in encouraging economic development is empowering and growing Micro, Small and Medium Enterprises (MSMEs) as the basis for social economic development. History has shown that MSMEs in Indonesia continue to exist and develop despite the economic crisis (Alyas & Rakib, 2017; Ananda & Susilowati, 2017).

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In 1997/1998 Indonesia and several countries in the world experienced a monetary crisis. At that time, many companies went bankrupt because they were no longer able to produce, this was due to a drastic increase in imported raw materials and an increase in import taxes. In addition, the increase in debt installments was caused by the increase in the rupiah exchange rate against the dollar, coupled with the downturn in the banking sector so that it experienced problems in capital, but this was different from MSMEs which at that time tended to survive and even increased (Putra, 2019).

The existence of UMKM cannot be separated from the Indonesian people today, because the existence of UMKM is very useful in distributing people's income. On the other hand, MSMEs are also able to create creativity that is in line with efforts to maintain and develop elements of local traditions and culture so that regional potential can be recognized by many people through the products developed (Anggraeni et al., 2015; Lumbanraja et al., 2017). MSMEs in the national economy have an important and strategic role in economic growth for both the Indonesian nation and other countries. In addition, MSMEs can overcome unemployment problems and improve community welfare (Sunariani et al, 2017).

MSMEs have a very big role in the Indonesian economy. BPS 2018 data shows an increase in gross domestic product (GDP) from 57.84 percent to 60.34 percent in the last five years. The absorption of labor in the MSME sector also increased, from 96.99 percent to 97.22 percent in the same period (BPS, 2018). MSMEs play a vital role in economic development and growth, not only in developing countries but also in developed countries. It is widely recognized that MSMEs are very important because of their main characteristics that distinguish them from large businesses, especially because MSMEs are labor-intensive businesses found in all locations, especially in rural areas, more dependent on local raw materials and main providers of goods and basic needs services for low-income or poor people (Tambunan, 2012).

In terms of quantity, the development of MSMEs in Indonesia from year to year has also increased. In 2012 the number of MSMEs was 55,206,444 units, in 2013 there were 56,534,592 units, in 2014 there were 57,895,721 units, in 2015 there were 59,262,772 units, in 2016 there were 61,651,177 units, in 2017 there were 62,922,617 units , in 2018 as many as 64,197,057 units (<http://www.depkop.go.id/>).

Indonesia has great economic potential and has the opportunity to become one of the biggest countries in the world. Indonesia's potential comes from: First, natural resources. Indonesia has enormous natural resources, especially in the agricultural / marine / forestry and mining sectors. In the agricultural sector, Indonesia is one of the three rubber producing countries in the world, the third largest coffee producer and the world's main producer of coconut. On the other hand, two-thirds of Indonesia's territory which is sea makes Indonesia has very rich fish reserves. Forests in Indonesia are the third largest forest in the world so they have abundant forest wealth. In the mining sector, Indonesia is rich in mineral reserves such as tin, copper, gold, bauxite and nickel. Indonesia is also the largest exporter of liquified natural gas (LNG). Second, human resources. Indonesia is one of the countries with the largest population in the world. In 2020 to 2030, Indonesia will get a demographic bonus where the number of people in the labor force (15-64 years) will reach 70 percent, while the number of unproductive people (aged 14 years and under and age over 65 years is only 30 percent) . Third, macroeconomic stability. In general, Indonesia's macroeconomic conditions from year to year show relatively stable conditions amid a global economic downturn. Fourth, a conducive economic climate. Based on data from The Global Competitiveness Report 2016-2017, Indonesia is ranked 41 out of 138 countries in the world that were assessed. In order to improve the investment climate in Indonesia, the Ministry of Home Affairs in 2016 revoked or

revised 3,143 Regional Regulations and Regional Head Regulations that were considered to hinder investment. Another effort made was to establish One Stop Integrated Implementation (PTSP) through Presidential Regulation (Perpres) No. 97/2014 which was also followed by local governments. Until now, 90% of regions have owned PTSP (Jaweng, 2016).

However, currently, MSMEs are facing a number of problems, one of which is the decline in sales. Apart from declining sales figures, other problems faced by MSMEs are problems of capital, hampered distribution, difficulty in raw materials, production according to and the existence of layoffs. The impact of Covid-19 is very difficult and even classified as an extraordinary event that is difficult to predict beforehand. To deal with this problem, the government has implemented various strategies, one of which is to provide stimulus to MSMEs and cooperatives, namely the reduction of principal and loan interest payments, delaying vehicle installments. in the form of motorbikes, cars, boats for fishermen and houses, of course, can ease the burden on MSME actors. Covid-19 cases in Indonesia continue to grow every day. As of September 26, the cumulative number of Covid-19 cases in Indonesia reached 271,339, this figure has increased by 4,494 cases from the previous. Of this cumulative number, 199,403 people recovered with an additional 3,207 while 10,308 people died with an additional 90 people (<https://www.cnnindonesia.com>).

Cilacap Regency is one of the districts affected by Covid-19 with a total of 203 cases. The details can be seen in the following table:

Table 1. Monitoring Data on Covid-19 Cases in Cilacap Regency

Kontak Erat			Suspek				Konfirmasi Covid-19			
Selesai Karantina Mandiri	Kontak Erat	Total Kontak Erat	Suspek Meninggal	Suspek Dirawat	Suspek sembuh	Total Suspek	Meninggal	Dirawat	Sembuh	Total
3526	90	3616	34	10	309	353	4	45	154	203

Source: Cilacap District Health Office 27/09/2020

According to the Regent of Cilacap, Mr. Tatto Suwanto Pamuji, Cilacap Regency has four superior products for MSMEs, namely coconut fiber (Sebutret), banana sale products, coconut sugar products and batik products. In Cilacap Regency, the number of MSME actors occupies the largest percentage, namely 85.88 percent, so that MSMEs have a strategic role in economic development. This shows that in terms of quantity, MSME business actors in Cilacap Regency need to be supported and empowered because in addition to playing a role in economic growth and employment, MSMEs also play a role in the distribution of development results. Therefore, the development of MSMEs is something that must continue to be done so that in terms of quality it also increases. Furthermore, to spur the development of MSMEs, the Cilacap Regency Government through the Bangga Mbangun Desa policy continues to encourage the improvement of superior products, so that they are eligible to compete, not only in the local market, but also in regional, national, and even international markets. Meanwhile, the Covid-19 pandemic affected a number of MSME actors and even went out of business. The Cilacap Regency Government provides a stimulus in the form of raw materials, then cooperates with banks to disburse low-interest loans to MSMEs.

One of the leading MSMEs in Cilacap Regency that looks Covid-19 is KUB Leksana Batik Jaya Kutawaru. This Kutawaru batik, which comes from Kutawaru, Central Cilacap District, has several unique motifs that are not shared by other batik centers. This is influenced by the geographical location of Kutawaru which is adjacent to the sea and Segara Anakan on the south side and mountains on the other side. The subtle dark colors of black, brown and gray represent a period of confrontation and recovery. Based on the results of interviews, during the Covid-19 pandemic (for

4 months) KUB Leksana Batik Jaya Kutawaru experienced a decrease in turnover of around 90% because there was no production and transactions and this had an impact on the welfare of the people in Kutawaru District so that the right strategy was needed so that KUB Leksana Batik Jaya Kutawaru can survive the Covid-19 Pandemic.

Based on the explanation above, the researchers are interested in conducting research related to the survival strategy of MSMEs in the midst of the Covid-19 Pandemic (Study on UMKM Leksana Batik Jaya Kutawaru, Cilacap Regency).

2. Literature Review

2.1 The concept of UMKM

The Central Bureau of Statistics (BPS) defines MSMEs based on the quantity of labor. A small business is a business entity that has a workforce of five to 19 people. Meanwhile, medium-sized enterprises are business entities that have a workforce of 20 to 99 people (Hamzah & Agustien, 2019). According to Law Number 9 of 1995 concerning Small Business, it defines MSMEs as small businesses that have assets outside land and buildings equal to or smaller than Rp. 200,000,000 with an annual turnover of up to Rp. 1,000,000,000. Meanwhile, the definition of medium-sized enterprises is an official business entity that has assets of between Rp. 200,000,000 up to Rp. 10,000,000,000 (Ramdhani, 2015).

Based on Presidential Decree No. 99/1998, UMK is a small-scale people's business with a business sector that is generally a small business activity and needs to be protected to prevent unfair business competition.

Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises defines MSMEs as follows:

- Micro enterprises, namely productive businesses owned by individuals or business entities that meet the criteria, namely:
 - 1) Have a net worth of at most Rp. 50,000,000 (fifty million rupiah) excluding land and buildings for business premises.
 - 2) Have annual sales of at most Rp. 300,000,000 (three hundred million rupiah).
- Small business is an independent productive economic business carried out by an individual or a business entity that is not a subsidiary or branch of a company that is owned, controlled or is part of either directly or indirectly from a medium or large business with certain criteria.
- Medium-sized enterprises, namely independent productive economic enterprises carried out by individuals or business entities that are open are subsidiaries or branches of companies that are owned, controlled or become part of either directly or indirectly with small or large businesses.

The criteria for MSMEs according to the Ministry of Cooperatives and Small and Medium Enterprises (2012) are as follows:

Table 2. Criteria for MSMEs

No	Usaha	Kriteria Aset	Kriteria Omset
1	Usaha Mikro	Maks. 50 juta	Maks. 300 Juta
2	Usaha Kecil	>50 Juta-500 Juta	>300 Juta-2,5 Miliar
3	Usaha Menengah	>500 Juta-10 Miliar	>2,5 Miliar – 50 Miliar

Source: Ministry of Cooperatives and Small and Medium Enterprises (2012)

MSMEs have several characteristics inherent in MSMEs which are the advantages and disadvantages of MSMEs themselves. Some of the advantages of MSMEs include:

- **Durability**
The motivation of small entrepreneurs is very strong in maintaining the continuity of their business because this business is the only source of family income. Therefore, small entrepreneurs are very adaptive in dealing with changing situations in the business environment.
- **Labor intensive**
In general, MSMEs in Indonesia are labor-intensive businesses. In the production process, small businesses make more use of the capabilities of their workforce rather than using machines as a means of production.
- **Special skills**
MSMEs in Indonesia make many simple products that require special skills but do not really need formal education. These special skills are usually hereditary. In addition, the products produced by MSMEs in Indonesia contain simple and inexpensive technology.
- **Types of products**
The products produced by MSMEs in Indonesia generally have a cultural nuance which is basically the expertise of the people in their respective regions. For example: handicrafts made of bamboo, rattan and wood carvings.
- **Links with the agricultural sector**
In general, MSMEs in Indonesia are still agricultural based because many agricultural commodities are processed on a small scale without having to cause high production costs.
- **Capital**
In general, small entrepreneurs depend on their own savings or loan funds from informal sources for working capital needs (Tambunan, 2002).

The weaknesses of MSMEs are related to capital problems, difficulties in marketing, supply of raw materials, minimal knowledge of the business world, limited mastery of technology, low quality of human resources, poor financial management and lack of clarity in the division of tasks (Tambunan, 2002).

2.2 Covid-19

Coronavirus is one of the main pathogens that mainly attacks the human respiratory system. Previous outbreaks of the coronavirus (CoV) include the acute respiratory syndrome (SARS) - CoV and the Middle East Respiratory Syndrome (MERS) -CoV which have occurred previously which are characterized as agents that are a major public health threat. At the end of December 2019, a group of patients were admitted to the hospital with an initial diagnosis of pneumonia with unknown etiology. These patients are epidemiologically linked to seafood and animal markets in Wuhan, Hubei Province, China (Rothan & Byraredddy, 2020; Raharusuna et al, 2020; Guo et al, 2020; Bhat et al, 2020; Liu et al, 2020.). The isolate samples from these patients showed the presence of coronavirus infection, a new type of betacoronavirus, named 2019 novel Coronavirus (2019-nCoV) which then on February 11, 2020 WHO (World Health Organization) named the new virus as Severe acute respiratory syndrome coronavirus- 2 (SARS-CoV-2) and the name of the disease as Coronavirus disease 2019 (COVID-19) (Indonesian Lung Doctors Association, 2020).

Coronavirus (CoV) is a member of the Coronaviridae family, viruses possessing unusually large single-stranded RNA denominations ranging from 26 to 32 kilobases. CoV has been identified in avian hosts and a variety of mammals, including bats, camels, and ferret dogs which were previously thought to be a pathogen that caused only mild illness in immunocompetent people until the emergence of Coronavirus which causes acute respiratory syndrome (SARS-CoV) in late 2002 (Zheng 2020). At this time, there is no treatment or vaccine produced to prevent transmission of Coronavirus (Daneshkhah et al, 2020).

From 18 December to 29 December 2019 there were five patients treated with ARDS (Acute Respiratory Distress Syndrome) and from 31 December 2019 to 3 January 2020 these cases continued to increase and the disease had spread to various other provinces in China, Thailand, Japan and Korea. . The virus is spread from person to person and on March 12, 2020 WHO declared COVID-19 a pandemic (Susilo et al. 2020).

The spread of the 2019 coronavirus disease (COVID-19) has become unstoppable and has reached the epidemiological criteria required to be declared a pandemic after infecting more than 100,000 people in 100 countries by March 2020. Therefore, global response coordination is needed to prepare the system. health to meet unprecedented challenges (Remuzzi & Remuzzi, 2020).

Covid-19 infection can cause mild, moderate or severe symptoms. The main symptoms that appear are fever (temperature > 38⁰C), cough and difficulty breathing. In addition, it can be accompanied by severe shortness of breath, fatigue, myalgia, gastrointestinal symptoms such as diarrhea and other respiratory symptoms. Half of the patients developed shortness of breath within one week. In severe cases worsening is rapid and progressive, such as ARDS, septic shock, intractable metabolic acidosis and bleeding or dysfunction of the coagulation system within days. In some patients, the symptoms appear mild, even without fever. Most patients have a good prognosis, with a small proportion in critical condition and even die. The following clinical syndromes can appear if infected (Wang & Qiang, 2020; WHO, 2020; PDPI, 2020).

3. Research Methodology

The research method used is qualitative analysis with exploratory stages with participatory observation techniques. According to Sugiyono (2007) participatory observation is an observation where the researcher is involved in the daily activities of the object being observed or that is used as a source of research data. With participatory observation the data obtained becomes sharper, until it knows the level of meaning of each visible behavior. This research was conducted in August-September 2020.

4. Results

UMKM Leksana Batik Jaya was established in 2012. UMKM Leksana Batik Jaya consistently participates in training on the batik process so that its production continues to increase. At the beginning of its establishment, the Leksana Batik Jaya UMKM was only able to produce 5-10 pieces of batik cloth / month. Currently, Leksana Batik Jaya UMKM is able to produce 1500 pieces of batik / month. UMKM Batik Leksana Batik Jaya started during Corporate Social Responsibility which aims to help MSMEs around the factory area carried out by PT. Holcim Indonesia Tbk - Cilacap Plant. At that time, the owner of Leksana Batik Jaya worked as a nurse and took batik courses on Jalan Kinibalu, owned by Hendis Batik Cilacap. CSR Head of PT. Holcim Indonesia Tbk - Cilacap Plant saw the persistence of the owner of Leksana Batik Jaya and was given a model

of Rp. 9,000,000 as well as batik capital materials and infrastructure. The owner of UMKM Leksana Batik Jaya already has a talent for drawing and really cares about mangroves so that he dreams of having all kinds of mangroves in Kutawaru. UMKM Leksana Batik Jaya has a vision that is to preserve the mangrove batik culture by improving the economic standard of living for families and surrounding communities. For this reason, Leksana Batik Jaya UMKM always produces batik with mangrove species motifs.

When it was first established in 2012, Leksana Batik Jaya UMKM only had 5 employees, but now the employees number 17. Batik produced by UMKM Leksana Batik Jaya uses natural and synthetic dyes with the types of written batik and printed batik. Batik stamp ordered from Pekalongan. The waste management process is carried out by disposing of synthetic dye waste into the septic tank, while natural dye waste is used again for the next coloring process, so that for natural coloring there is no residue. Fixation using environmentally friendly chalk.

UMKM Leksana Batik Jaya in its development continues to innovate batik motifs until now it already has 14 mangrove batik motifs. Product marketing is carried out to government agencies in Cilacap City and hotels in Cilacap Regency such as Dafam Hotel and Fave Hotel as well as by participating in batik exhibitions held in Cilacap Regency and outside Cilacap Regency. Currently, the mangrove motif in Kutawaru has followed members of the Banyumas batik cooperative and has applied for a patent (HAKI) for its products. The price of batik products ranges from Rp. 70,000 to IDR 1,000,000. Market segments reach all layers of the economy.

Based on the observations of researchers, UMKM Leksana Batik Jaya Kutawaru still has several weaknesses or shortcomings, including:

- Financial management is not good
UMKM Leksana Batik Jaya does not yet have good and structured financial management, this is seen from the absence of financial bookkeeping and the absence of financial reports so that training is needed to manage finances properly.
- The product packaging is not attractive
The appearance of the product is still very simple, only a plain box, so it is necessary to redesign the packaging of the batik cloth so that it can attract buyers. The packaging design for KUB Leksana Batik Jaya now can be seen as follows:



- Production houses are still limited/narrow
Production houses are very limited, this is because the production house is still concurrently with a place to live. For this reason, it is necessary to expand the production house which will maximize the production of batik cloth.

- Capacity for disposal of waste is less due to increased production
- Online marketing is difficult because transportation access must cross the waters of Nusakambangan.
- Do not have written SOPs related to standard production processes.

Some of the weaknesses above certainly must be overcome immediately so that the Leksana Batik Jaya UMKM can increase its production and the welfare of the community around the Leksana Batik Jaya UMKM is getting better.

The Covid-19 pandemic has negative implications for the domestic economy, such as decreasing consumption and purchasing power, declining corporate performance, weakening the banking and financial sectors and threats to the existence of MSMEs. In the aspect of consumption and purchasing power of the people, the Covid-19 pandemic caused a massive wave of layoffs so that many people lost their income which had an impact on decreasing people's purchasing power because during this pandemic the community was very careful in managing financial spending because of the uncertainty of when this pandemic would end (Pakpahan, 2020).

In the corporate aspect, this pandemic has disrupted the performance of companies, especially those engaged in the trade, transportation and tourism sectors. The social distancing policy which was later changed to physical distancing and working from or at home had an impact on the decline in company performance which was then followed by layoffs. There are even several companies that went bankrupt and finally chose to close their businesses (Pakpahan, 2020).

In the banking and financial aspects, this pandemic has raised fears of debt or credit repayment problems which in turn have an impact on the sustainability of bank performance. Many creditors have asked for loosening of the limit and amount of debt and credit installment payments from the bank. Not to mention that entrepreneurs must pay attention to fluctuations in the rupiah exchange rate which will disrupt the production process, especially for companies that depend on imported raw materials. In addition, this pandemic has caused the threat of a flight of foreign investment from Indonesia which of course threatens the government's strategic projects (Pakpahan, 2020).

In the aspect of MSMEs, the Covid-19 pandemic has caused a decline in performance from the demand side (consumption and purchasing power of the community) which ultimately has an impact on the supply side, namely termination of employment and the threat of non-payment of credit (Pakpahan, 2020).

The Covid-19 pandemic has also had an impact on batik production at UMKM Leksana Batik Jaya Kutawaru. Since the Covid-19 pandemic entered Indonesia on March 2, UMKM Leksana Batik Jaya Kutawaru has experienced a decline in turnover of up to 90%. This is due to the absence of production and transactions during the four months of the pandemic. In order to survive and not go out of business, the owner of the UMKM Leksana Batik Jaya Kutawaru temporarily shifted their batik business to a frozen food business, which was considered more profitable during the pandemic.

After the new normal was implemented in Indonesia, then UMKM Leksana Batik Jaya Kutawaru made improvements, one of which was by making product innovations by changing batik cloth into cloth masks which are currently needed by the community. On the other hand, UMKM Leksana Batik Jaya Kutawaru also sells through social media such as Instagram, Facebook and Whatsapp (but still feels less than optimal because it is still limited in scope) and optimizes consumer relationship marketing.

5. Discussion

5.1 E-Commerce Based Marketing

With the Covid-19 pandemic, the Government issued Government Regulation Number 21 of 2020 concerning Large-Scale Social Restrictions. The purpose of this PP is to limit the movement of people and goods and to require people to stay at home. The existence of this PP has an impact on the limited operations of MSMEs and reduced consumers who shop directly compared to normal days before the Covid-19 pandemic (Hardilawati, 2020). To remain able to survive and adjust to during the Covid-19 Pandemic, MSME business actors can adjust by opening online stores or selling through e-commerce. According to Kotler et al, (2012) e-commerce is a system of selling, buying and marketing products using electronics. E-commerce creates a new digital marketplace by displaying prices that are more transparent, easy to access, a wider market with highly efficient trading. According to research, e-commerce has a positive and significant influence in increasing the performance and income of MSMEs (Helmalia & Afrinawati, 2018; Setyorini et al, 2019). Some of the e-commerce that can be utilized by MSME players in Indonesia are shopee, tokopedia, bukalapak, OLX, gojek, Lazada and so on.

Currently, UMKM Leksana Batik Jaya Kutawaru has started doing online-based marketing, but only limited to using social media such as Instagram, Facebook and Whatsapp but also needs to be added by using e-commerce so that sales are more optimal.

5.2 Product Innovation

Business activities carried out by an organization are not only directed at achieving maximum profit. However, it is also directed to maintain and develop business so that business activities can continue. Likewise with MSMEs. This small-scale business sector is directed to be able to maintain its business existence and develop its business activities (Lestari et al, 2015).

One of the efforts that can be made by MSMEs to maintain the existence of MSMEs is by making product innovations. According to Suendro (2010), innovation is a company mechanism to adapt to a dynamic environment. Innovation is a way to continue to build and develop organizations that can be achieved through technology, application, product and service forms and market development (Kotler & Armstrong, 1997). Through product innovation, it is hoped that MSMEs can take advantage and develop their businesses in the midst of competition (Dhewanto et al, 2014).

During the Covid-19 pandemic, UMKM Leksana Batik Jaya can innovate products in the form of cloth masks. Batik fabrics that have been produced and have not been sold can be used as attractive cloth masks which are currently needed by the community. WHO states that the corona virus is not a virus that is transmitted through the air (airborne), but through droplets or droplets from the nose or mouth of an infected person. But on the other hand, the corona virus can also be found and can survive in the air in the form of aerosols. For that as an alternative, people are encouraged to use cloth masks as an alternative to protect themselves from the spread of the corona virus. The use of this cloth mask is believed to have about 70% effectiveness to ward off the Corona virus. For this reason, by making product innovations, namely changing the batik cloth into a typical Kutawaru batik cloth mask is an effective way to increase the income of Leksana Batik Jaya MSMEs in the era of the Covid-19 pandemic.

5.3 Optimizing customer relationship marketing

During the Covid-19 pandemic, MSMEs should not only focus on finding new customers but must maintain existing products and retain existing customers, creating customer satisfaction and ultimately creating customer loyalty. Servers who have high loyalty will not switch to other products because they already have confidence in a product. One of the ways that MSMEs can survive in the midst of a declining business climate is by doing customer relationship marketing (customer relationship marketing). CRM is a means of establishing a sustainable relationship between a company and its stakeholders and shareholders. By utilizing CRM, the company will know what consumers expect and need so that it will create a close business relationship so as to create a reciprocal relationship between the company and consumers so as to create customer loyalty. With customer loyalty, consumers cannot easily switch to other products and brands, especially products and brands of competing companies (Setyaleksana et al, 2017).

UMKM Leksana Batik Jaya Kutawaru has collaborated with several hotels in Cilacap Regency, such as Dafam Hotel and Fave Hotel. The existence of this collaboration can be used by MSMEs Leksana Batik Jaya to promote its newest products, namely the Kutawaru batik cloth mask so that hotel visitors are interested in buying these cloth masks.

6. Conclusion

Based on the explanation above, the researchers recommended some of the Leksana Batik Jaya Kutawari MSME survival strategies in the midst of the Covid-19 pandemic, namely by trading in e-commerce, making product innovations such as making batik cloth into masks, adding services and establishing and optimizing customer relationship marketing.

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